

July 29, 2005

First Class Mail and Electronic Mail to Tim.Lough@scc.virginia.gov

Timothy Lough, Ph.D., P.E.
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RE: Responses to SB 783 Inquiry

Dear Mr. Lough:

I am writing in response to your letter to Michael S. Beer of LG&E Energy LLC dated June 22, 2005. LG&E Energy's subsidiary, Kentucky Utilities Company, operates as Old Dominion Power in five western Virginia counties. Because the area of Virginia served by Old Dominion Power does not contain any city or county with a population even approaching 225,000, Old Dominion Power would essentially be unaffected by the amendment to Section 56-46.1 of the Code of Virginia contemplated by SB 783. Nevertheless, we are interested in participating in the study discussed in your letter to Mr. Beer. Our responses to the questions on page three of that letter are set forth below.

1. Since a locality requesting the SCC's consideration of an underground transmission line would be requesting a specific action requiring the SCC to consider an additional criterion, it seems only appropriate that the locality should be required to participate as a respondent pursuant to Rule 80 of the SCC's Rules. Under the amendment contemplated by SB 783, consideration of the impact of a transmission line if it were to be located underground is a criterion that would only be considered if requested by the governing body of a city or county. This additional criterion would change the standard used by the SCC to make its determination. Accordingly, there should be some clear indication that the additional criterion applies. Simply making a locality's position known through written comments or testimony as a public witness pursuant to Rule 80 of the SCC's Rules would not be a clear enough indication that the additional criteria applies. The only appropriate vehicle for triggering consideration of an underground location appears to be participation as a respondent.
2. Because localities in general do not have experience designing electric transmission lines, we suggest it would be inappropriate to require a locality requesting the SCC's consideration of an underground transmission line to develop and submit a detailed proposal for the alternative. However, we suggest that a locality making such a request should be required to do so as a respondent (see response to question 1 above) and provide the "factual and legal basis" described in Rule 80 of the SCC's Rules for its request.

3. For the reasons described in our response to question 1 above, a locality requesting the SCC's consideration of an underground transmission alternative should be required to make that request as part of a notice of participation as a respondent pursuant to Rule 80 of the SCC's Rules. The additional criterion of whether an underground location would minimize environmental impact and is otherwise in the public interest is a significant change to the standard used by the SCC. If that criterion will apply, the parties should be aware of it as early in the proceeding as possible.
4. If a locality requests consideration of an underground transmission line alternative, it is probably necessary for that alternative to be developed to the point that it can be compared with the proposed overhead line. Because the applicant utility has expertise in designing electric transmission lines, the alternative should be developed by the applicant utility. While we do not see a feasible system for sharing the cost of developing an alternative with the locality involved, we point out that such costs would ultimately be borne by the customers of the applicant utility. We ask that the SCC consider this impact when analyzing if and to what extent applicant utilities should be required to develop alternatives.
5. We point out a procedural issue in the form of some ambiguity in Section 1.A.3. of SB 783. That section would require the SCC to state its reason or reasons for declining to impose a requirement that an electrical transmission line be located underground whenever it approves construction without imposing such a requirement. As written, the provision would require such a justification even if an underground location has not been requested. We suggest that this provision, if enacted, should only apply where a locality has requested an underground alternative. Otherwise, the SCC would be required to provide reasons for making a decision it has not been asked to make.

Thank you for the opportunity to participate in this process. We also thank you for the extension of time to respond. Please contact me with any questions.

Sincerely,

John Wolfram
Manager, Regulatory Affairs

Cc: N. Mullins
J. Dimas
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